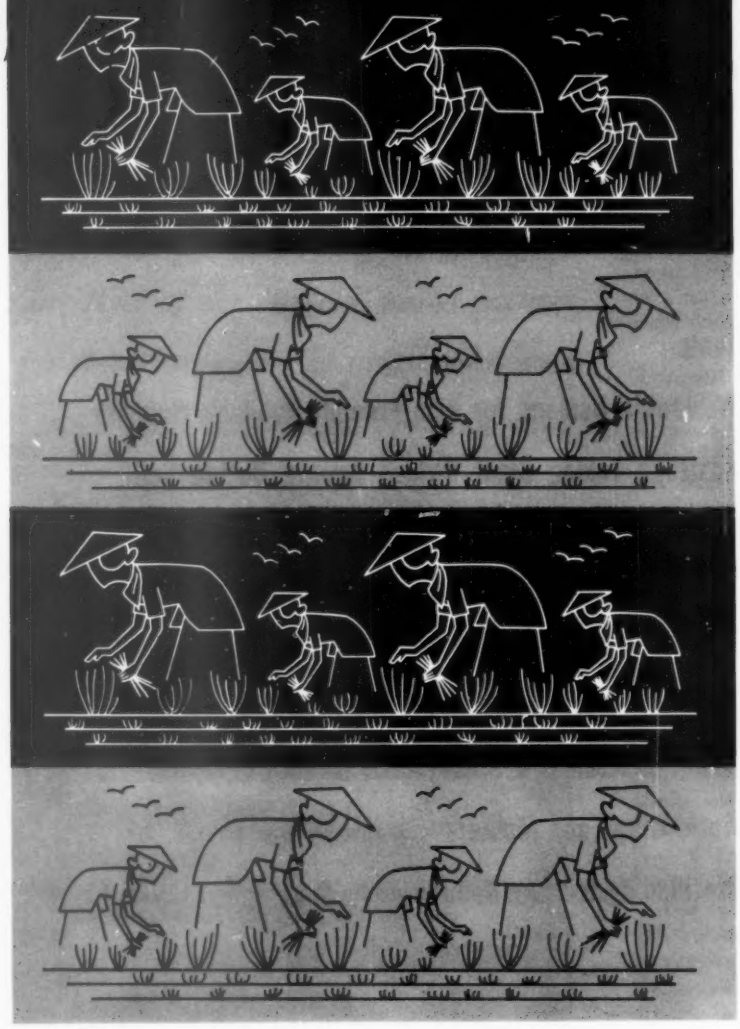

OCTOBER 23, 1967

WORLD RICE SITUATION

HOW DENMARK MARKETS ITS HORTICULTURAL PRODUCTS

KENNEDY ROUND, AND U.S. OILSEEDS AND PRODUCTS

NOV 20 1967

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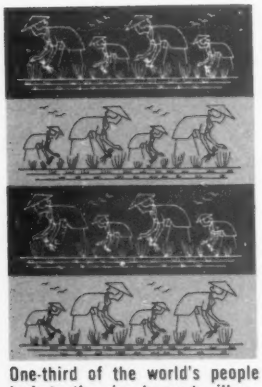

One-third of the world's people look to the rice harvest—illustrated on this week's cover—for their daily staple food. The current supply-demand picture for this crop is covered in the article beginning opposite.

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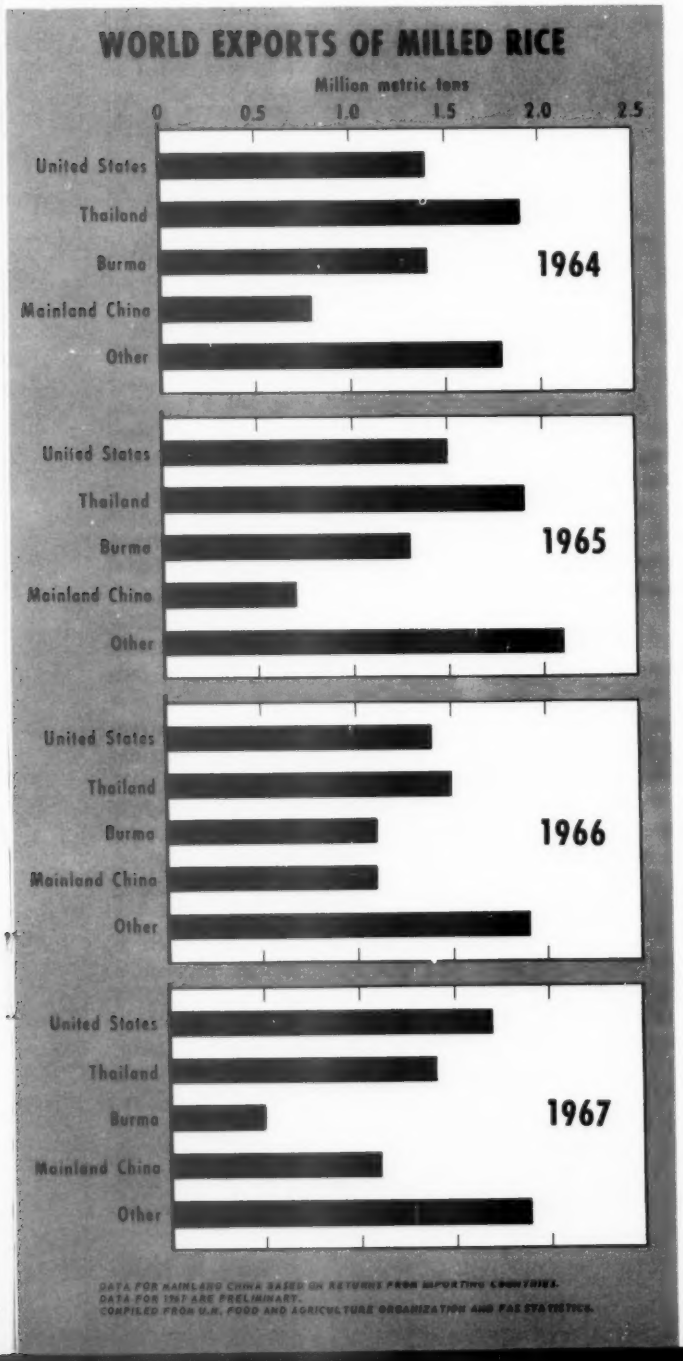
Worldwide Demand for Rice Exceeds Available Supplies

"Critical," says the FAO Study Group on Rice of the current world picture for this commodity as production and trade hold steady and demand rises.



Rice—staple food of one-third of the world's people—is in tight supply as population in the major consuming countries grows faster than supplies of this cereal. At the same time, international prices have been rising because of shortages in some of the major exporting countries and show little sign of reversing in the near future.

This synopsis of the 1967 world rice picture has prompted the Study Group on Rice of the Food and Agriculture Organization of the United Nations to term it "critical." According to the Group's report, to be presented to the FAO Committee on Commodity Problems this week for approval, "Production has failed to keep pace with the rise in population, so that the world per capita availability of rice has declined further in 1966-67 to the lowest recorded in the last 12 years. The decline is most marked in developing countries, where the gap between domestic supply and demand has widened considerably. Rice carryover stocks are also extremely low, which has added to the instability of the international market."

The current supply picture

World rice production (excluding Mainland China, North Korea, and North Vietnam) in 1966-67 is preliminarily estimated at 163 million metric tons, up 3 million from the previous year's level but down 13.2 million from that of 1964-65. Output has more than doubled in this century and has increased 25 percent in the last 10 years.

Asia accounts for about nine-tenths of total world output, but production is actually increasing at a faster rate in non-Asian areas. In fact, Asian output last year was unchanged from that of 1964-65 because of floods and drought in India and Pakistan and smaller crops in Burma, Cambodia, Laos, and South Vietnam. The United States and Australia both saw record harvests, crops were better in Italy, Spain, and France, and Latin America's output increased moderately. On the other hand, production in Africa and the Middle East fell despite a bumper crop in Madagascar.

The portion of the world rice harvest and carryover stocks available for export is not adequate to meet world needs and to reduce the pressure on prices, chiefly because of short crops in Thailand and Burma. Only about 4 percent of total production enters world marketing channels, since most of the world's rice is produced in the developing countries—especially in Asia—and consumed domestically. Asia is losing ground in world rice trade. Before World War II, this region accounted for 90 percent of total rice exports; it now provides only 70 percent.

For the current calendar year, rice exports are preliminarily estimated at about 6.64 million metric tons, about 400,000 tons less than in 1966. Highlight of the overall export picture is the takeover by the United States of the No. 1 spot as a rice exporter after many years of trailing Thailand or Burma—or both. Thailand held the No. 2 spot, and Mainland China moved in as No. 3, leaving Burma in fourth place.

Demand goes unfilled

On the demand side, requirements of the rice importing countries are growing. "The requirements of the Re-

public of Vietnam—an important exporter till 1964—continue to increase. Moreover, the combined import needs of traditional importers (except Japan) are as large as or even larger than in 1966," according to the FAO Study Group's report. The report continues, ". . . the importing countries of Southeast Asia are encountering greater difficulties in securing adequate imports, even at the higher prices, from traditional suppliers; these, in their turn, face the problem of allocating the scarce supplies, especially of lower grades of rice, among the major Asian importers under bilateral contracts. It appears that in 1967 many importing countries may fail to attain their import targets." Alternatives include a reduction in total grain consumption in these countries or substitution of other grains—like wheat and coarse grains—in plentiful world supply.

This supply-demand picture has brought scarcity to some heavily deficit importing countries, which have had to reduce consumer rice rations. Ceylon cut its rice ration by 50 percent, and in India rations have been cut some. Despite the tight supply situation in the importing countries, some exporting countries, like Brazil and Thailand, have had to restrict foreign shipments to meet their own domestic needs.

The pressure of demand on limited supplies caused a steep rise in international market prices last year, which has continued into the current year. Consumer prices have also risen in several countries. Whereas such increases were evident in some of the importing countries as early as 1965, they have become more pronounced since then and have extended to exporting countries, including Burma, Thailand, Brazil, and the United Arab Republic. Looking to the foreseeable future, prices are expected to continue strong.

Current world prices for rice have changed its competitive relationship with other cereal grains. For example, 2 years ago, the value of a ton of brown rice was equal to that of about 2 tons of wheat; today, it is worth nearly 3 tons of wheat.

World rice prices have advanced to or above U.S. support prices. Since July 4, U.S. exporters have been trading on a free market without government subsidy. Six years ago, CCC export subsidy payments averaged $2.80 per cwt., last year about $1.00, and now zero.

A look at the current rice situation in the major exporting countries and some major importing ones follows.

Exporting countries

United States. In February 1966, President Johnson announced a 10-percent increase in rice acreage as a result of unprecedented demands arising out of drought and war in Asia. As a result of this acreage increase and the continuing uptrend in yields, U.S. production in 1967 will approximate 4.1 million metric tons. Total exports in calendar year 1966 were about 1.4 million tons, second to Thailand's 1.5 million. However, for the crop year (August-July), U.S. exports surpassed those of all other countries, and for the current calendar year, the United States will top the list of world rice exporters with shipments of an estimated 1.7 million tons.

In recent years, U.S. rice has been sold to some 116 countries. Commercial exports for dollars have more than trebled in the past 6 years from about 300,000 to about a million tons, while government financed shipments have increased slightly from 660,000 tons to 750,000. The bulk of the latter moves to South Vietnam.

Thailand. Production reached a record 11.8 million metric tons in 1966-67. Despite this large crop, 1967 exports are expected to drop to 1.4 million tons, the target set by the Thai Government. This restriction on exports resulted from increased economic activity and higher domestic consumption. Licenses are required for private export sales, and for every 10 tons exported, the shipper must deliver 1 ton to the government. Export premiums payable to the government have increased substantially. Lower milling outturn of whole kernels has contributed to high prices for top- quality milled rice, and prices show no signs of weakening.

Burma. Formerly the world's largest exporter of rice, Burma is now in the throes of production and marketing problems. Production fell by one-fifth in 1966-67, the second successive decline. Farmers have reduced marketings at the low fixed official prices, and export availabilities have been curtailed. From 1.4 million tons several years ago, Burma's exports are expected to total less than 500,000 this year. Southeast Asian importers who normally rely on Burmese rice will have to obtain the shortfalls elsewhere or do without.

Mainland China. Crop reports have been mixed, but indications point to a smaller crop in 1966-67. Although the early harvest in southern regions was reported higher than that of the previous year, the later crops were hit by either drought or floods. Exports in 1967 are expected to maintain the 1966 level of 1.1 million tons, principally to Japan, East Pakistan, Ceylon, Cuba, and Great Britain.

Cambodia. Production of 2.3 million tons in 1966-67 is down for the third successive year—partly because of flooding of the Mekong River—and availabilities for export are expected to be reduced further.

Madagascar. Production reached a record 1.7 million tons in 1966-67, but exportable supplies are limited. Shipments this year are expected to total 20,000 tons, about the same as in 1966.

United Arab Republic. The UAR's rice output rose slightly to 2 million tons in 1966-67 from 1.9 million the year before. Exports this year are estimated at 400,000 tons, down from 420,000 last year.

Turkey. The Turkish crop in 1966-67 amounted to 220,000 tons, considerably above the previous year's 165,000. Exports are likely to range between 10,000 and 20,000 tons for 1967.

Taiwan. This country's 1966-67 crop of 3.1 million tons was at about last year's level, and exports for the calendar year are expected to hold at 200,000 tons.

Brazil. Largest producer of rice in South America, Brazil harvested an estimated 6.8 million tons in 1966-67, compared with 6.6 million the year before. However, exports are limited by high domestic prices and are expected to fall below the 1966 level.

Italy. Italian rice acreage in 1966-67 was the largest in 7 years, but yields per acre were below average. Production recovered from the low level of 509,000 tons in 1965-66 and totaled 680,000 tons. Exports are expected to rise considerably in 1967 to 140,000 tons from 81,000 in 1966. An increase is expected this year in Italy's trade with the other countries of the European Economic Community, since the threshold prices are being raised. Italian rice will probably give U.S. exports stiffer competition.

France. The French crop recovered from its low level of 98,000 tons in 1965-66 and totaled 112,000. However,

this was still below the average of 121,000 for the 1960-61/1964-65 period. The larger crop will be reflected in this year's exports, which are estimated at 25,000 tons, compared with last year's 7,000. In September-August 1966-67, France imported 35,000 tons of long-grain rice for domestic consumption.

Spain. Record yields brought in a relatively large crop of 385,000 metric tons in 1966-67. Exports are expected to hold at the 1966 level of about 60,000 tons.

Australia. Rice production peaked at 200,000 tons, up from 183,000 in 1965-66, because of a 12-percent increase in acreage and record yields. Exports are expected to total 90,000 tons and give U.S. rice tougher competition in Scandinavia, the United Kingdom, and Okinawa.

Guyana. The 1966-67 harvest of 300,000 tons was slightly above last year's 290,000. Exports this year are expected to remain at about the 100,000-ton-level of the past 2 years.

Importing countries

India. Another year of unfavorable weather resulted in an Indian crop of 47 million tons, only fractionally higher than that of 1965-66 and more than 10 million tons below that of the previous year. A large planted acreage in the southern part of the country failed to materially offset losses to drought in the principal producing States of Bihar, Madhya Pradesh, and Uttar Pradesh. India imported 786-000 tons in 1966 and has contracted for considerable imports from Burma, Thailand, and the United Arab Republic this year. Other cereals are being imported to replace rice because of lower exports from traditional suppliers.

Pakistan. Production in Pakistan dropped 9 percent to about 16.1 million tons in 1966-67, largely because of unfavorable weather in East Pakistan. Thus, import requirements in East Pakistan for the current calendar year have risen to several hundred thousand tons, while at the same time West Pakistan will continue to export about 150,000 tons of higher qualities. The lower production and the high cost of imported rice have resulted in higher domestic prices.

South Vietnam. Output was cut for the third consecutive year because of floods and military operations. From annual exports of from 300,000 to 400,000 tons prior to 1964, this country has become an importer of some 700,-000 tons per year, mostly from the United States on a concessional basis. Other suppliers of the South Vietnamese market include Thailand and Taiwan.

Ceylon. The harvest here was up slightly to 1.1 million tons from 916,000 in 1965-66. Ceylon imports considerable quantities of rice and has not been able to buy all it requires this year because of reduced availabilities from its usual suppliers. Of these, Thailand and Burma have agreed to supply 100,000 tons apiece, and Mainland China will ship not more than the 200,000 tons provided for under the rice-rubber agreement between the two countries. Ceylon's wheat flour imports have risen sharply to compensate for the smaller unloadings of rice.

Indonesia. Production rose only slightly to 15.5 million tons, but import needs have increased because larger supplies of rice are required to hold back rising food prices.

Philippines. The 1966-67 crop amounted to 4.2 million tons, against 4.1 million the year before. Domestic production is still below demand, and through June, the government had arranged for importation of 337,000 tons for 1967, compared with 106,000 imported in 1966. The Philippine Government intends to stockpile 150,000 tons for price stabilization purposes. Production in 1967-68 is expected to increase, thus reducing import requirements.

Laos. Flooding of the Mekong River reduced the Laotian crop to 623,000 tons in 1966-67 from 740,000 the previous year. As a result, the country will require between 130,000 and 160,000 tons of imported rice in 1967, mostly from Thailand.

South Korea. Despite a substantial increase in 1966-67 production—to 5.6 million tons from 4.8 million—Korea will require imports of about 100,000 tons this year to supplement domestic supplies and check rising consumer prices. This country has already purchased 80,000 tons of bulk brown California Pearl and 40,000 tons from Taiwan in 1967. Economic growth has brought about an increase in per capita consumption, and a greatly improved foreign exchange position has permitted the country to buy foreign rice and reduce pressure to export its own crop.

Hong Kong. A shortfall on deliveries in 1966 and heavy consumer purchases resulting from civil disturbances have pushed up Hong Kong's import requirements for 1967. Because of scarce supplies among traditional sources, the Crown Colony has bought a substantial quantity of high-quality long-grain rice from the United States in the past 2 months.

Malaysia. Output of 925,000 tons was up some from the 1965-66 level of 900,000. Import requirements are expected to be as high as in 1966, with an increased portion filled by U.S. rice.

Japan. The official September 15 estimate places the 1966-67 crop at 14.1 million tons, 1.3 million above the final crop estimate of the previous year. In recent years, the estimate has dropped 200,000 to 400,000 tons between the first one in August and the final one in December. Even allowing for a decline of 400,000 tons, it appears that Japan will not require large imports in 1967-68. Import requirements in 1967 are placed at less than 500,000 tons, compared with 794,000 in 1966.

A look ahead

Looking to the future, it appears that demand for rice will continue to outrun supply, so that an upward trend can be expected in world prices. It is still too early to predict the level of 1967-68 production. According to the FAO Study Group, "Provided returns to farmers are not artificially insulated from market forces, the incentive offered by the prevailing high prices may be expected to encourage production in 1967-68, though the actual return will depend on weather conditions." Higher returns have already encouraged farmers in Thailand and Ceylon to devote more land and effort to rice.

In many areas and particularly in Asia, additional land suitable for rice production is limited, and future increases in output will have to be attained by using improved varieties and cultural practices. Higher yields—not larger acreage—will be the key to meeting world needs.

For the United States, the outlook for exports of rice is favorable. U.S. long-grain prices are about $30 higher than they were a year ago, and shipments are moving at a record pace from Gulfports. U.S. acreage shifts from medium to long-grain in the South and from Pearl to Calrose in California are expected to allow U.S. producers to capitalize on foreign demand and minimize marketing problems in the coming year.

Australia Taking Giant Strides Toward Cotton Self-Sufficiency

Australia could become practically self-sufficient in raw cotton during the current marketing year—if the present forecast for the 1967-68 season is realized.

Judging from planting intentions reported from various areas of the Commonwealth, land planted to cotton in 1967-68 may rise to about 72,000 acres, 18,000 acres more than last year. With favorable weather conditions, this acreage could produce a crop adequate to provide current spinning requirements of about 125,000 bales per year.

In the marketing year that ended last July 31, Australian imports of raw cotton were nearly 40 percent lower than the year before, continuing the rapid decline of recent years that has followed expansion of domestic production. Total raw cotton imports in 1966-67 amounted to 39,731 bales (500 pounds gross), compared with 64,661 in 1965-66 and 111,937 in 1964-65.

Cotton production in 1966-67, estimated at 90,000 bales, was only slightly below the record 91,323-bale record crop of the year before. Quality of the crop was generally good. Some 70 percent or more is believed to have graded middling or better.

Because of the high quality and generally good staple length of the domestic cotton crop, Australian spinners have been concentratlng their purchases from overseas on lower quality short staple cottons for blending.

U.S. share declines

Cotton imports from the United States and Mexico have suffered most from Australia's dwindling cotton imports. The U.S. share of Australia's raw cotton market declined to 38 percent in 1966-67, compared with over 65 percent 2 years before. In volume, Australian imports from the United States declined from 35.3 million pounds in 1964-65 to 7.4 million pounds in 1966-67.

Spinning and weaving activity in Australia during the 1966-67 season was somewhat higher than the previous year, following an improvement in the economic climate and increased consumer spending. Most spinners worked at full capacity or near to it.

Total production of pure cotton yarn amounted to 59.8 million pounds in 1966-67, compared with 57.9 million pounds in 1965-66. Mixtures of predominantly cotton and synthetics—although a relatively small proportion of total output—showed a sharp increase.

In 1967-68—if present forecasts become a reality—imports are expected to fall to a minimal level of specialty cottons required for blending. Under favorable circumstances, some Australian cotton could even become available for export.

In spite of the possibility of a cotton surplus in the near future, State governments continue to press the Commonwealth to provide funds for irrigation projects suitable for cotton production. Although latest submissions have stressed that these projects could also be used for the production of other irrigated crops, cotton remains the most attractive proposition.

The Queensland Government has established experimental farms near the proposed Nogoa Dam Project in the Emerald district. During the past season these farms have produced some excellent crops under experimental conditions, and it appears that the area could become a large cotton producer if the project goes ahead.

—Based on dispatch from FRED M. LEGE III
U.S. Agricultural Attaché, Canberra

USSR Grain Crop Good, but Harvest Slow

Grain production in the Soviet Union apparently will be moderately high this year—not as large as last year's record, but above the average for the past 5 years. Harvest has proceeded more slowly than last year.

Although the Soviet press has carried no statements on the aggregate size or general level of expected grain output, Soviet Foreign Trade Minister Patolichev has been quoted as saying the expected wheat output will be 81 million tons, compared with the 100-million-ton crop of last year. This would still be the second largest wheat harvest on record.

Output of other grains will probably not be down as much as wheat. Feedgrain production may be off, but the Soviet press has carried relatively favorable comment on prospects for rye and miscellaneous groat crops.

This year's harvest is offering a considerable challenge to Soviet skills to get the grain out under difficult conditions. The first part of the summer was dry in many regions, but rains fell during the second part, causing new growth and uneven heights, or "layered grain," in the fields. More rains came during the harvest in parts of northern European USSR, Siberia, and Kazakhstan.

Judging from regional reports in the Soviet press, grain yields have been good in many regions of the country, although apparently there are some significant weak spots. Among regions where good yields were reported: The Ukraine, North Caucasus, East Siberia, the Trans-Urals, and northern Kazakhstan.

Loans Will Help Brazil Livestock Production

The World Bank has approved a loan equivalent to $40 million for a project to increase beef, mutton, and wool production in Brazil. The loan will be used for medium- and short-term loans to commercial farmers for on-farm development and related technical services. Improvement and expansion of the livestock industry is particularly important to Brazil, where there is pressing need to diversify agriculture.

The project is intended to increase livestock productivity mainly through pasture improvement and better husbandry practices. Loans will be made for on-farm investments, including land clearance, pasture improvement, fencing, watering and handling facilities, farm buildings, farm machinery, and purchase of breeding cattle. Total cost of the project is estimated at $80 million. The Bank loan will cover half the cost, the Brazilian Government about $25 million, and the remaining $15 million will come from the farmers' own resources.

Trade opportunities for U.S. soybeans were significantly increased in the Kennedy Round. The top market, Japan—which accounted for $183 million of U.S. soybean exports in 1966-67, or 24 percent of the total—agreed to halve its duty.

The Kennedy Round—and U.S. Oilseeds and Their Products

The Kennedy Round negotiations on oilseeds and related products [1] reflected two outstanding facts about U.S. trade in this sector: the dominance of soybeans on the export side and the dominance of noncompetitive (largely tropical) items on the import side.

Soybeans and their products topped the billion-dollar export level in 1966-67 for the second time, totaling $1.1 billion, mostly for cash. (Only two other farm items—wheat and feedgrains—belong to this exclusive Billion Dollar Export Club.) Thus, foreign market access for soybeans is of prime importance to the United States.

Through the Kennedy Round, foreign access for U.S. soybeans has been improved. Of the $228.5 million in concessions—nearly all duty reductions—that the United States *received* in these negotiations under the General Agreement on Tariffs and Trade, soybeans and their products accounted for $197 million (basis 1964) and soybeans alone for $176 million. The most important concession came from the major U.S. soybean customer, Japan.

Concessions to the United States covered 71 percent of the $322-million trade in U.S. oilseeds and products that participating countries made available for the negotiations. Main concessions besides those from Japan came from the United Kingdom and Denmark. A disappointment, however, was the lack of concessions on edible vegetable oils.

Of the $26.1 million in concessions that the United States *granted*, $20.1 million were duty reductions benefiting the developing countries and applying to imports of tropical items, such as castor oil, cocoa butter, and sesameseed, which the United States does not produce in any volume. The most important of these concessions went to Brazil, Nicaragua, and the Dominican Republic. Only $6 million of the concession total applied to products that compete directly with those of the United States. Concessions by the United States covered 17 percent of the $156 million available ($7 million were already entering bound duty free). The United States made no concessions on the $130-million remainder—principally copra and coconut oil (most of which enters free from the Philippine Republic under the Laurel-Langley Treaty), flaxseed and linseed oil, rapeseed, edible palm kernel oil, olive oil, tung oil, carnauba wax, and candelilla wax.

Concessions received by the United States

• *Oil-bearing materials.* The United States received concessions from its GATT customers totaling $197.5 million. Soybeans alone accounted for $175.6 million, and safflowerseed for most of the remainder. It should be noted that before the Kennedy Round, soybeans already entered duty free in Canada, Denmark, the EEC, Norway, and Sweden; and that all except Sweden had already bound themselves to continue duty-free treatment.

At present, soybeans are traded primarily for their meal content; they are important to the burgeoning livestock production of the industrialized countries, whose demand for livestock products and other high-quality foods continues to rise as their economies move forward.

From Japan, its biggest soybean customer ($154 million in 1964), the United States received its most important single concession. Japan agreed to reduce its 13-percent duty to 2 yen 40 sen per kilogram (6 percent ad valorem equivalent at current prices). This reduction will take place in stages, as follows: To 3 yen 88 sen on July 1, 1968; to 3 yen 36 sen on January 1, 1970; to 2 yen 88 sen on January 1, 1971; and to 2 yen 40 sen, on January 1, 1972. Japan also agreed to reduce its duty on safflowerseed ($22 million) from 5 percent to 2.5.

The soybean duty reduction should lower internal prices in Japan and thereby encourage demand for soybeans and meal; increasing quantities of beans are being processed in Japan for the expanding Japanese livestock industry.

The soybean concession will also give U.S. soybeans a better competitive position in relation to other oilseeds imported primarily for their oil content, particularly sunflowerseed (which now enters free of duty), and Canadian rapeseed, on which Japan retained 5-percent tariff.

The safflowerseed concession, like that on soybeans, will help the U.S. product compete in the Japanese edible oil market with Canadian rapeseed and with sunflowerseed and safflowerseed from other suppliers.

A second important soybean concession came from the United Kingdom, which agreed to eliminate its 5-percent duty—and consequently the Commonwealth preference. Imports from the United States amounted to $19.2 million in 1964. This concession will help the United States compete in the expanding U.K. market for high-protein feeds.

Finland bound its duty-free treatment of soybeans and flaxseed for industrial use ($2.5 million), and Portugal reduced its duty on soybeans from 400 to 200 escudos per ton. Although Portugal had no soybean imports in the base year, current indications are that it intends to establish a soybean-crushing facility, in which case the duty reduction could assume importance.

• *Vegetable oilcakes and meal.* The United States received concessions valued at more than $19 million in this area. Denmark and Austria bound their duty-free rates on imports of U.S. oilcake and meal valued at $10.2 million and $480,000, respectively. Spain reduced its statutory rate of 5 percent on soybean meal ($8.5 million), but only to the effective rate of 2 percent. Although these three countries are expected to meet their soybean meal requirements increasingly from domestic crush of imported U.S.

[1] Commodities covered in this article are vegetable oil-bearing materials (including soybeans, safflowerseed, sesameseed, and sunflowerseed); vegetable oils and fats (crude and refined); certain derivatives from the refining of fats and oils (fatty acids, fatty alcohols, and glycerols); vegetable oilcakes and meals, vegetable waxes; related products such as tall oil.

soybeans, the concessions received will help protect U.S. markets for these meals.

• *Vegetable oils and fats.* The United States received few concessions on these products, and most of those it did receive—totaling $5.3 million—were on oils generally used for nonfood purposes or crude oils requiring further processing, rather than on edible oils. The EEC, Japan, the United Kingdom, and Spain, as well as other countries, failed to offer concessions on edible vegetable oils. These countries prefer to import oilseeds for domestic crushing.

Canada, however, reduced its duty on corn oil ($1.7 million) to 17.5 percent; consolidated its mixed duty on refined soybean oil ($817,000) and bound it at 17.5 percent; bound its duty on cottonseed oil ($522,000) at 17.5 percent or 10 percent depending on whether it is refined or crude; and bound its imports of soybean oil for paints and varnishes ($463,000) duty free. Peru made a 22-percent reduction in its duty on crude soybean oil ($803,000).

• *Related products.* On certain fatty acids, fatty alcohols, and glycerol—products derived from the refining of vegetable and animal fats and oils, with a wide range of industrial uses [1]—the United States received concessions totaling $4.8 million. Of primary interest were those from the EEC ($3.8 million) and Japan ($833,000).

On vegetable waxes, concesssions totaling $204,000 were divided among the EEC, Japan, and Switzerland.

On other related products ($1.5 million), the principal concessions—totaling $1.3 million—applied to tall oil, a byproduct of paper manufacture by the sulfate or kraft process, and were received from the EEC, the United Kingdom, and Sweden. These concessions may hold good promise for increased U.S. exports of this commodity, production of which doubled between 1960 and 1966.

Concessions granted by the United States

• *Vegetable oils and fats.* U.S. imports of commodities in this group not already bound free totaled $99.3 million. The United States granted concessions—chiefly to developing countries—on 17 percent, or $17.1 million.

The United States halved its duties on soybean and sunflowerseed oils; but the current and projected adequacy of U.S. soybean supplies is expected to keep domestic vegetable oil prices relatively stable and considerably below mid-1966 levels. Under such conditions, the duty reductions would not stimulate sustained, sizable imports of competitive oils.

Otherwise, almost the entire amount of the concessions represented items for which U.S. production is negligible or nonexistent. These products, largely of tropical origin, possess certain characteristics needed in industrial uses but not found in other oils and fats. The major concession was made to Brazil on castor oil ($9.8 million). At Brazil's request, the United States changed its specific duty of 1.5 cents per pound to an ad valorem rate of 15 percent, which it then reduced by half.

Among other concessions of special interest to developing countries, the principal one was a 52-percent reduction, to 3 percent ad valorem, on cocoa butter ($6.6 million). This item, supplied by Brazil, the Dominican Republic, and the Philippine Republic, is used mostly in pharmaceutical products and in quality chocolate.

Sesameseed oil ($337,000, mainly from Japan) was given a 53-percent duty cut, to 0.7 cent per pound; and rapeseed oil for industrial use ($301,000, mainly from the EEC and Sweden), a 25-percent cut, to 0.45 cent.

The United States offered no concessions on about $82 million worth of vegetable fats and oils. Chief among these were coconut oil ($47.1 million), nearly all from the Philippines, which did not participate in the GATT negotiations; olive oil ($17.9 million), from Spain and the EEC; edible palm kernel oil ($10.4 million), mainly from the Congo (Kinshasa) and the EEC; and tung oil ($6.3 million), from Argentina and Paraguay.

• *Oil-bearing materials.* U.S. imports totaled $48.4 million in 1964; concessions were granted on $5.2 million, or 11 percent of the total, and largely applied to noncompetitive products. Sesameseed, poppyseed, and sunflowerseed accounted for nearly all the value.

The United States eliminated its 0.59-cent-per-pound duty on sesameseed ($3.6 million, chiefly from Nicaragua); cut its duty on poppyseed by 25 percent, to 0.5 percent ad valorem ($1 million, chiefly from the EEC); and made a 50-percent cut to 5.7 percent ad valorem on sunflowerseed ($530,000, chiefly from Canada).

The concessions on sesameseed and poppyseed will have a negligible effect on imports, since their primary use is not as oilseeds but as whole seeds in the baking and confectionery industries. Imports of sunflowerseed have occurred on a limited, variety basis, for use primarily in birdseed mixes.

The United States offered no concessions on Philippine copra—which accounted for $43.1 million, or 89 percent of all U.S. imports of oil-bearing material in 1964—or on flaxseed and rapeseed, from Canada and the EEC.

• *Related products.* On major fatty acids and fatty alcohols, the United States granted concessions totaling $3.6 million. These included duty cuts of 50 percent or more for both acids ($2.0 million) and alcohols ($1.6 million). Fatty acids derived from coconut, palm kernel, or palm oils accounted for $1.5 million; the EEC, Denmark, and Japan were major suppliers.

On vegetable waxes, U.S. imports available for concessions totaled $1.5 million. The only concession made was a duty-free binding for ouricury wax ($175,000), to Brazil and Argentina.

On vegetable oilcakes and meals, of which the United States itself is a major world supplier, U.S. concessions were negligible and consisted entirely of a 52-percent duty cut on linseed cake to Canada ($64,000). No concessions were offered on $2.4 million worth of other oilcakes and meal—principally copra cake and meal, most of it supplied by Mexico and the Philippines.

On all other related products, the only concession went to tall oil ($8,000, from Canada)—a 50-percent cut to 5 percent. This item is in growing demand in the United States despite current increases in production and exports.

On balance, the United States obtained significant concessions for its oilseeds and related products in the Kennedy Round—most importantly, for its soybeans and their products, which move mainly through commercial sales. These concessions should make a meaningful contribution not only towards maintaining but also towards improving export opportunities.

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[1] Inedible tallow and grease and tall oil are the materials chiefly used in U.S. fatty acid production. For further details, see "Fatty Acids: An Expanding Market for Fats and Oils," by George W. Kromer, in *The Fats and Oils Situation* (FOS-237, Apr. 4, 1967), Economic Research Service, United States Department of Agriculture.

Modern Market System Aids Danish Horticultural Sales

By IVAN E. JOHNSON
Foreign Agricultural Service

Marketing of horticultural products in Denmark has come a long way since the 1920's, when growers not only had to cultivate their crops, but also had to pack and dispose of the products themselves. Today, marketing is made easy through streamlined auctions, which sell fruits and vegetables at the stop of a clock and at a yearly rate of about US$100 million—some $20 million of it to be shipped to foreign countries.

Once an unorganized system

For a decade after the close of World War I, Denmark's marketing of fruits and vegetables retained the haphazard unorganized pattern that had been followed for many years. Not only did the growers have to find their own buyers, but they were also without an organization to offer technical advice on handling and marketing or to provide financial credit. The onslaught of the depression in 1928, however, made it imperative that the growers find a new way of marketing if they were to survive.

The beginning of their new system was on May 31, 1929, when the Horticultural Producers' Marketing Association in Odense, Funen, stated merchandising fruit and vegetables by auction. The system, which was modeled after the Dutch method of selling horticultural products, later spread to all of Denmark (with the exception of Copenhagen).

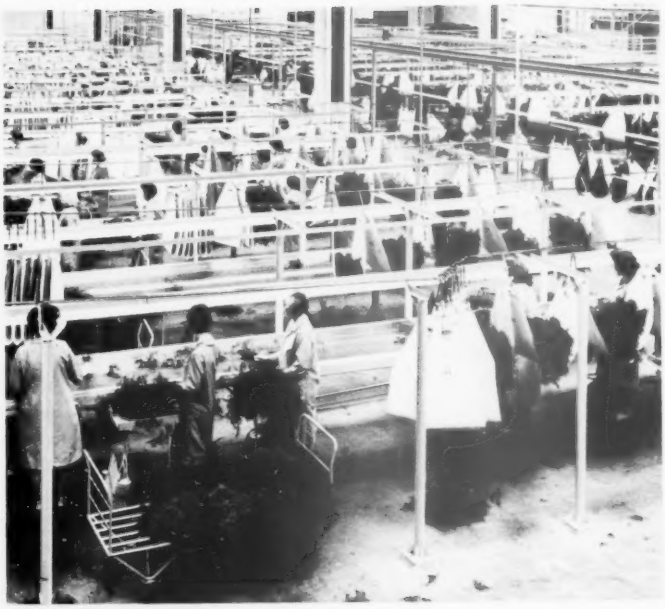
Such sales today are handled by the Gartnernes Salgsforening (GASA)—the Parent Cooperative Association for flowers, fruits, and vegetables. Its local chapter at Odense—one of some 25 member associations scattered over the country—is still the largest auction sales center for horticultural products in Denmark and possibly in all of northern Europe. It serves the needs of more than 1,200 grower members with an annual turnover of 130 million Danish kroner ($18.9 million).

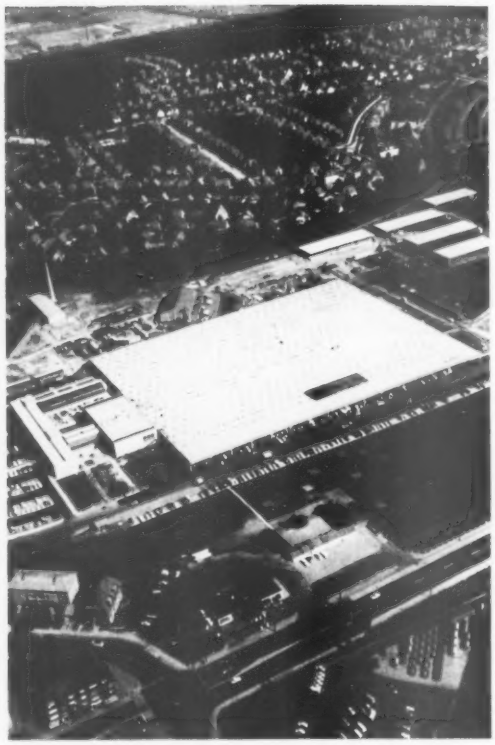
At the GASA sales hall in Odense, buyers from all over the country, including agents for foreign concerns, assemble each morning at 6:30 under the clocks. The electronically controlled clocks (one in the fruit and vegetable sales hall and two in the flower sales hall) are the main nerve center of GASA's sales system. The sales, about 700 to 800 per clock per hour, proceed as follows:

The auctioneer is seated on a small balcony overlooking some 200 buyers seated below. Each buyer has his own seat number to be used for identification on invoices, payment, and delivery. When flowers are being sold, sample bouquets of the lots being offered are wheeled in on carts. Each individual bouquet is held up to be viewed as representative of the lot being auctioned.

Mr. Johnson served as Acting U.S. Agricultural Attaché in Copenhagen this summer. He has now returned to his job as Chief of the Foreign Marketing Branch of the FAS Livestock and Meat Products Division in Washington.

The GASA flower sales hall in Odense, where buyers meet under the clocks.





Above, the asparagus plumosus hall, where some 200 women are employed to grade and bundle this "green" used in floral arrangements. Right, aerial view of GASA sales hall in Odense, Denmark's largest auction hall for horticultural items.

The auctioneer sets a maximum price for the product offered; e.g., 75 azaleas at DKr 4.00 (about 58 cents). The clock is set in motion, and the numbers light up in rapid succession as a pointer moves counter-clockwise on the dial beginning at 40 and falling.

When a buyer wants to purchase, he presses the push-button at his seat, which stops the clock at the number reached on the clock at that split second. If it happens to be at 23, he has bought azaleas of the kind and quality on which he was bidding for a price of DKr2.30 (33 cents) for each bundle of 75. The central face of the clock's dial lights up when the clock is stopped, indicating the buyer's number and the price.

At the bottom of the clock, illuminated numbers indicate the supplier's number, quantity, and sales. Through automatic telephone connection with the auctioneer the buyer informs him how many of the offered plants he wants. Minimum quantities, of course, must be purchased.

Under this system, the first bidder is always the highest bidder. The auctioneer makes a note of the buyer's number, the indicated price, and the quantity asked for, after which the pointed is reset and the next lot offered.

Auction of fruits, vegetables, asparagus plumosus

Fresh fruits and vegetables represent half of GASA's turnover. Quality is standardized, and graded products are packed accordingly. Buyers check the lots to be sold prior to the auction and make notes for reference in their bidding since these lot samples are not brought to the sales hall. Only 10-15 percent of the fruits and vegetables sold at GASA is for export as compared with over 50 percent of the flowers and plants.

One of the most important and interesting export items is asparagus plumosus—the "green" used in florists' bunches. In the plumosus hall, 200 women are employed at the conveyor belts, grading and bundling this article. The value of plumosus sales has risen rapidly to where it now represents about DKr25 million ($3.6 million) of GASA's total annual turnover of DKr130 million.

Objective and advantages of cooperative auction

The auctions are administered by the growers associations with management vested in the hands of the growers, who elect the executive board at the general meetings. The one at Odense has a nine-member general board of directors and a chairman. Of the nine-member board, three are from each producer sector, namely the fruit, vegetable, and flower industries. Each sector also has its own board of directors, made up of the three who are on the general board, plus four other members.

The aim of the auctions and their association, simply stated, is to look after the interests of their members by promoting sales and improving distribution of their produce. By concentrating supplies at auctions, buyers are also concentrated and buy in mutual competition. The individual grower no longer has to confront individual purchasers to sell his produce. Price levels accurately reflect the state of supply and demand at the moment of sale, and producers are better assured of receiving the true value of their products at time of sale.

When dealing with perishable products the importance of rapid movement from producer to consumer cannot be overemphasized. The grower cannot postpone selling until prices are more stable but must, within rather narrow time limits, market at harvest. Under these circumstances, the growers face a precarious marketing situation, although the auction system as practiced in Denmark has mitigated this hazardous position to a great extent.

Malaysia Emerges as the World's Leading Palm Oil Exporter

By ROBERT E. ADCOCK
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Malaysia has risen in a few years from a minor producer of palm oil to become the world's leading exporter in 1966. Nigeria, the Congo, and Indonesia were the three leaders from the late 1950's through 1963, but by 1965 Malaysia had exceeded all but Nigeria. Last year Malaysia exported about a third of the world's trade, exceeding Nigeria's exports by about 40,000 tons.

Many factors have contributed to the country's steady growth as a palm oil exporter. The increasingly efficient rubber estates are finding that at relatively high levels of rubber productivity there is a point at which some land becomes marginal for rubber but profitable for oil palm. As it did with rubber, the large commercial estate is demonstrating what it takes to produce palm oil. It is able to get high yields from the palm oil, and to process and export the product.

The stability of the government and the government's policy to encourage all economic production is another important factor in oil palm expansion. In this political and economic climate, investment in such long-range enterprises has proceeded apace. In addition, within the current national development plan is a positive policy to encourage the production of a greater number of export items. In 1966 only two items, rubber and tin, made up 62 percent of Malaysia's export earning.

Production on a small scale as well

Up to now and for 3 to 5 years to come the estate sector will have produced most of the oil palm products exported. Currently, however, the Federal Land Development Authority is planting oil palm as a principal cash crop in its smallholder projects. With about 35,000 acres planted since 1963 the Authority expects to attain 130,000 acres by 1970. Thus, in a few more years the Federal Government's own efforts with smallholders will add heavily to the national production. State governments also have smallholder settlement projects, and they are shifting cash crop plantings heavily to oil palm.

The new plantings, aside from the established estate sector, are also stimulated, in most instances, if not made possible, by the value of the timber from jungle clearing. Examples of how this comes about are found in Sabah in North Borneo. Timber contractors will pay the new owner of allocated land on the basis of timber yield, install all-weather roads, and plant oil palm according to agreements reached. Thus, both new oil palm estates and land settlement programs for small landholders will soon begin adding much to Malaysia's palm oil exports. The movement is not only providing future earnings from oil palm but provides a growing income from log and lumber exports. The timber industry ranks third as an exchange earner. It is predicted, however, that by 1970 the export value of oil palm products will exceed that of timber.

The need for more oil on the domestic market may be a future factor in increased production. The Malaysian annual per capita consumption is about 22 pounds of edible fats and oils, mainly coconut oil and pork fat. This consumption level and increases in population—now slightly above 3 percent per year—should in time lead to the use of more palm oil on the domestic market. At present practically all palm oil produced is exported. Last year exports were equal to the estimated production.

A mature stand of high-producing palm used now for commercial seed production. Estate growth accounts for almost all of Malaysia's palm oil production, but smallholders are beginning to add more heavily to total output.

Perennial versus annual crops

Where is the production trend leading? A surge forward in perennial crops, as compared to annual crops, generally takes longer to get moving and is longer in reaching its production peak. With heavy planting still underway, an untapped domestic market, and a fluid rubber-oil palm relationship, a long-range production projection on known factors would tend to be small. Malaysia's 5-year plan projects 1970 production at 255,000 long tons. If the cur-

rent rate of annual oil increase of 18 percent is applied to the 1966 production of 182,000 long tons, we may expect production to pass 300,000 tons by 1970.

Acreage and yield both growing

Acreage has increased an annual average of 15 percent during the past 10 years. The average yield per acre in the past 10 years, including acreage of nonproducing young plantings, has increased 40 percent. This combination of acreage and yield increase has resulted in a 22-percent average gain in annual production increases during the period. For the future we can expect the effectiveness of disease control, soil fertilizing methods, breeding programs, and other improved practices to continue. The Malayan and Borneo jungles are vast and contain much land suitable for perennial crops, and now jungle is giving way to planting oil and rubber. Some trees on rubber estates will, according to present plans, continue also to make room for increased oil palm. Acreage in rubber will not necessarily diminish in Malaysia because of this move. It is actually increasing at a rate of about 2 percent per year.

Research of both government and estates has been responsible for high-producing selection and crosses. Both have also made many improvements in cultural practices. Planters and government are also studying the form in which to establish an oil palm research center which would do for oil palm what the Institute for Rubber Research has done so effectively for Malaysian rubber.

Spain To Remain a Steady Market for U.S. Farm Products

Spain last year imported some $824 million in agricultural products, up by about one-fourth over the preceding year, and in 1967 is expected to exceed the 1966 total. But the rapid growth of imports which has characterized Spain's agricultural trade in recent years is slowing down.

The United States remains the principal supplier, and this year will likely top its 1966 earnings of $252 million. Last year, 80 percent of the value of U.S. exports to Spain was in feedgrains and oilseeds, which again will be the big import item in 1967. Tallow will also be a good item, and some increases are expected in imports of tobacco, cotton, and hides and skins.

The expected slower rate of increase in agricultural imports in 1967 is attributed to several factors. This year GNP is expected to increase at a somewhat lower rate than in 1966, when it jumped about 10 percent to reach $24.6 billion. And per capita income, which was $665 in 1966, is not expected to increase much in 1967.

A tight balance-of-payments position for Spain in 1967 will also result in some curtailment of imports. The government is continuing its policy of trade liberalization but is applying some import restrictions and tightening the issuance of import licenses and clearance of goods through customs. In recent months the government placed higher import duties on a number of farm products including preserved fruits and vegetables, nuts, and honey—none of major significance in trade with the United States.

SPAIN'S AGRICULTURAL IMPORTS IN 1966

Commodity	Total	From U.S.	U.S. percent of total
	Mil. U.S. dol.	*Mil. U.S. dol.*	*Percent*
Live animals	9.0	1.7	19.0
Meat (fresh or frozen) and edible offals	83.3	0.9	1.1
Dairy products and eggs	20.3	0.5	0.3
Grains and preparations:			
Feedgrains	221.6	123.4	55.7
Other	8.4	4.1	48.8
Oilseeds, nuts, and kernels	93.9	77.0	82.0
Fats and oils, excluding fish:			
Tallow	13.3	11.3	85.0
Vegetable oils and other	19.2	3.2	16.6
Preparations of vegetables and fruits	7.5	1.6	21.3
Vegetable oil residues, meat and fish meal and food waste	40.3	12.1	30.0
Tobacco, unmanufactured	26.3	4.6	17.5
Cotton, raw	47.8	2.4	5.0
Hides and skins	33.9	4.0	11.8
Others	199.4	5.0	2.5
Total	824.2	251.8	30.6

Based on U.N. Trade Statistics and *Estadística del Comercio Exterior de España 1966.*

Increased agricultural production in 1967 is also expected to reduce import requirements of foodstuffs; harvests in 1967 were exceptionally good for most crops. Total grain production, including rice, is estimated to exceed 10 million tons, up one-tenth from 1966. This year, the country is expected to have a record wheat crop of 5.4 million tons. Output of potatoes, sugarbeets, and vegetables is considerably higher in 1967 than in the preceding year, and livestock output in 1966 and 1967 also showed large gains.

Production of feedgrains in Spain is expected to be one-tenth higher than in 1966, but imports will be steady just the same. The increase in output will be more than offset by feed requirements for Spain's livestock expansion—an essential program to reduce imports of meat and dairy products which have weighed heavily in Spain's balance-of-payments deficits in the past 2 years. Spain will have large supplies of low-grade wheat to use as feed, but consumption of denatured wheat for this purpose in 1967-68 is not expected to exceed 300,000 metric tons. This is partly because Spanish farmers have not yet adjusted to feeding the once-scarce commodity to animals.

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Economic Research Services

Canadian Imports of U.S. Eggs Increase

Canada's imports of American eggs during January-May of this year totaled 5.4 million dozen, more than double the amount imported during the corresponding period of 1966, largely attributable to low U.S. prices.

In recent years, Canadian imports of eggs from the United States have ranged from 1.4 million dozen in 1964 to 9.6 million dozen in 1966.

Canadian officials fear that unless domestic flocks are culled sharply, egg prices will be depressed sharply between November 1967 and the middle of 1968. Last November, Canadian eggs were priced at a peak of 46.1 Canadian cents per dozen (42.6 U.S. cents), but by June 1967, average monthly prices had fallen to 23.4 cents (21.6). In recent weeks, however, prices have firmed up somewhat to about 29 cents per dozen.

Canadian Grain Crops Better Than Forecasts

Canada's latest crop report, based on farm surveys as of September 15, indicates that the outturn of wheat and barley are considerably better than the August 15 forecasts in spite of drought conditions over large areas of the Prairie Provinces. The oat crop, however, is estimated somewhat lower than the previous forecast.

Canadian wheat production is estimated at 593 million bushels, 8 percent above the earlier forecast, but 28 percent below the record 1966 crop. Oat production is placed at 301 million bushels, 2 percent lower than in August and 20 percent below that of 1966. The barley crop is estimated at 248 million bushels, 3 percent over the earlier forecast but 18 percent below last year. Rye is placed at 13.4 million bushels, 2 percent higher than in August and 22 percent lower than last year's.

The 1967 corn crop is forecast at 72 million bushels, 9 percent over last year's record outturn.

Canada's yield for all wheat is placed at 19.7 bushels per acre, down 29 percent from last year, as acreage increased by 1 percent. The durum wheat crop is estimated at 21 million bushels compared with 28 million in 1966. Durum acreage was 24 percent larger than last year, but yield—placed at 15.6 bushels per acre—was down 42 percent.

The yield for oats is estimated at 40.5 bushels per acre versus 47.3 in 1966, as harvested acreage declined 6 percent. Barley yield is placed at 30.5 bushels per acre, down from 40.4 last year, with acreage increasing 8 percent. Rye yield is estimated at 17.7 bushels per acre, versus 23.7, with area up 4 percent.

In the Maritime Provinces wet conditions hampered harvest and affected grain quality. Otherwise harvests were completed promptly, and the quality of grains in the Prairie Provinces is reported as being especially good.

Several factors are credited with the remarkable survival of the crops in the drought areas of the Prairie Provinces this year as compared with previous drought years. These include above-average moisture reserves, improved moisture holding practices, more adequate equipment on farms, improved seed, and heavier applications of fertilizer and weed-control chemicals.

In 1967 the Prairie Provinces produced 96 percent of the Canadian wheat crop, 63 percent of the oats, 92 percent of the barley, and 89 percent of the rye. Ontario will harvest 98 percent of the corn produced for grain.

Rhodesia Changes Tobacco Pricing System

A new tobacco pricing system for Rhodesian flue-cured leaf produced in the 1967-68 season was announced by the President of the Rhodesian Tobacco Association on September 18.

The new system is designed to encourage growers to produce tobacco for which demand is greatest at present and to discourage growth of high-quality leaf purchased in large volume by the United Kingdom before sanctions were imposed.

In a directive to growers on behalf of the Rhodesian Tobacco Association Council the President said, "It is becoming increasingly more obvious that many growers intend to achieve the maximum weight an acre in an understandable attempt to obtain their marketing quota at the lowest possible cost. But such a policy will result in the production of a quality and type of tobacco that experience has proved is very difficult to sell under present circumstances. All the advice we have obtained, both from the trade and the Corporation, positively indicates that the production of a thinner type of tobacco with a maximum proportion of cutters, lugs, and primings should be the aim."

The President went on to say that the adoption of new practices necessary to achieve the objective will increase the production costs to growers. The new pricing system will provide the necessary incentive. Prices in the leaf, cutter, lug, and priming groups will be adjusted in ratio to the average number of leaves per pound in those groups. This will result in lower prices for leaf grades and higher prices for the lower part of the plant.

A memorandum by the Tobacco Research Board on cultural practices necessary to achieve the objective has been mailed to all growers. The principal recommendations include a 15 percent increase in plant numbers per acre and changes in the application of nitrogen.

Malawi's 1967 Crop Tobacco Sales

Complete sales figures on tobaccos sold at the Limbe auctions in 1967 show a total of 36.5 million pounds at an average price equivalent to 23.2 U.S. cents per pound.

The breakdown is as follows for the various kinds of tobacco: Flue-cured, 4.9 million pounds (including 823,000 grown in Northeastern Zambia) at an average of 60.7 cents; fire-cured, 23.2 million pounds at 16.4 cents; sun/air-cured, 2.5 million at 16.0 cents; and burley, 5.9 million at 21.8 cents.

Iran Introduces New Cigarette

The Iranian Tobacco Monopoly plans to begin the production of a new type of cigarette during October. It will be a filter-tipped brand made of flue-cured tobacco grown in Iran. The initial run is scheduled to be 30 million packages.

This new brand is expected to compete with foreign-made cigarettes, largely of U.S. origin. Reports indicate that this new cigarette brand will be priced at the equivalent of about 29 U.S. cents per pack, compared with the current price of 40 cents for foreign cigarettes.

India's Flaxseed, Mustard, Rapeseed Acreage

India's second official estim te reports the area under flaxseed in 1966-67 to be 2.4 million acres—down 9 percent from 2.6 million acres of a year ago. The decrease was due to the lack of adequate and timely rains during the sowing period.

Inadequate rains also reduced the second estimate of the

mustard and rapeseed area which was placed at 2.7 million acres or about 4 percent less than the 2.8 million planted last year.

The second official estimate usually represents 65 percent of the flaxseed area finally reported and 40 percent of the mustard and rapeseed area.

Canada's Oilseed Crop Estimates

The October 4 crop report released by the Dominion Bureau of Statistics indicates that Canada's 1967 rapeseed production is better than had been expected in spite of drought conditions in the Prairie Provinces. Production reported earlier as 25.6 million bushels was revised to 26.5 million, slightly above last year's record of 25.8 million bushels. Revisions for rapeseed and flaxseed are based to a large extent on actual threshing returns as well as farm surveys as of September 15.

Flaxseed production was lowered to 10.2 million bushels based on revised yields per acre of 9.2 bushels. When compared with last year's crop of 22.0 million and average yield of 11.5 bushels, this represents a decrease of 54 percent and 20 percent respectively.

Soybean production was estimated at 8.3 million bushels—down 8 percent from the 1966 crop of 9.0 million. Average yields per acre were estimated at 28.6 bushels compared with 32.3 bushels a year ago.

Production of sunflowerseed was forecast at 37.4 million pounds, based upon sunflower acreage in Manitoba of 44,000 acres and an indicated yield of 850 pounds per acre. Production last year was 29.6 million pounds for an average yield of 737 pounds per acre.

Argentine Flaxseed Acreage Down

Argentine trade sources report that the 1967-68 flaxseed area may total only 1,878,000 acres when the second official estimate is released by the government. This represents a decrease of 6 percent from the first official estimate of 1,994,100 acres and 24 percent from the 1966-67 area. Excessive rains, which hindered planting in Entre Rios Province, were cited as the main factor causing the reduced acreage.

Brazil's Soybean Crop Up for 1966-67

Trade reports indicate that the 1966-67 soybean crop in Brazil may approximate 24.8 million bushels. Soybean production by State was estimated as follows: Rio Grande do Sul, 18.00 million bushels; Paraná 5.1 million; São Paulo 1.1 million; and other States, 0.6 million.

An increase of 7 percent has been forecast for 1967-68 crop, raising soybean production to 26.6 million bushels. Plantings in Rio Grande do Sul are expected to increase as much as 5 percent and larger soybeans are expected again in Paraná and São Paulo.

India Lifts Cut on Vanaspati Output

The Government of India removed the restriction on production of vanaspati (hydrogenated edible oil) beginning September 1967, in view of the improvement in the supply position of edible oils.

The 20 percent cut in production was originally introduced by the vanaspati manufacturers on a voluntary basis in February 1966 and was converted into a statutory cut by the government in April 1967.

Ireland's New Fishmeal Factory

Because of support from the Irish Sea Fisheries Board, a fishmeal factory will be built at Burrow Point, Mornington, County Meath. Ireland's Industrial Development Authority will provide a grant for the factory, which will cost an estimated $1.1 million.

The plant, to be completed next summer, will produce about 10,000 long tons of fishmeal annually. Production is intended mainly for the Irish market, which uses over 12,000 tons of fishmeal a year in the manufacture of high-protein feeds.

U.S. Trade in Livestock Products Continues High

U.S. red meat imports during the first 8 months of 1967 were 5 percent larger than for the same period a year earlier. A good share of the increase was accounted for by a 13-percent increase in boneless beef imports. Beef imports in total were up 9 percent. Pork imports were up 4 percent in the first 8 months mainly due to a 27-percent increase in canned ham imports. However, lamb imports were down 49 percent in the same period.

Cattle imports (mainly feeder cattle from Mexico and Canada) were down about 220,000 head or 36 percent from the same period a year earlier. Wool imports were down 41 percent.

U.S. EXPORTS OF LIVESTOCK PRODUCTS
(Product weight basis)

Commodity	August		Jan.-Aug.	
	1966	1967	1966	1967
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	16,367	16,293	101,166	121,853
Tallow and greases:				
Inedible	170,355	189,706	1,315,423	1,559,155
Edible	1,119	379	9,164	12,364
Meats:				
Beef and veal	2,028	2,517	19,433	21,567
Pork	3,279	3,018	28,203	32,442
Lamb and mutton	66	100	1,096	951
Sausages:				
Except canned	205	244	1,355	1,497
Canned	73	87	867	774
Other canned meats	456	512	5,183	5,396
Meat specialties:				
Frozen	183	120	1,364	1,356
Canned	117	121	1,188	1,544
Total red meats	6,407	6,719	58,689	65,527
Variety meats	23,395	17,129	132,354	149,721
Sausage casings:				
Hog	545	523	4,395	4,104
Other natural	754	346	3,787	2,774
Mohair	837	431	6,514	6,151
Hides and skins:	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Cattle parts	—	3,980	—	27,876
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	1,097	841	9,115	8,395
Calf	183	88	1,447	1,296
Kip	38	50	376	307
Sheep and lamb	261	307	1,696	2,568
Horse	4	3	43	46
Goat and kid	16	15	266	201
	Number	*Number*	*Number*	*Number*
Live cattle	2,144	4,616	18,782	28,199

Source: Bureau of the Census.

Exports of livestock and livestock products were up except for hides and skins during the first 8 months of this year. Lard, tallow, and variety meat exports were up 20, 19, and 13 percent, respectively. Total hide exports were down only about 1 percent; but cattle hide exports were down 8 percent, reflecting a weaker world market. Live cattle exports (mainly breeding cattle) were up 50 percent from a year earlier.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	August 1966	August 1967	Jan.-Aug. 1966	Jan.-Aug. 1967
Red meats:				
Beef and veal:				
Fresh and frozen:	*1,000*	*1,000*	*1,000*	*1,000*
Bone-in beef:	*pounds*	*pounds*	*pounds*	*pounds*
Frozen	328	966	3,850	2,856
Fresh and chilled	1,480	793	11,664	2,750
Boneless beef	79,063	85,794	451,110	509,705
Cuts (prepared)	140	92	1,473	791
Veal	1,222	560	12,224	9,933
Canned beef:				
Corned	(1)	8,197	(1)	51,109
Other, incl. sausage	9,412	1,051	55,111	8,279
Prepared and preserved	4,674	2,602	20,288	22,767
Total beef and veal	96,319	100,055	555,720	608,190
Pork:				
Fresh and frozen	3,151	4,354	28,689	32,253
Canned:				
Hams and shoulders	11,060	16,218	134,008	141,500
Other	2,979	2,875	32,600	28,385
Cured:				
Hams and shoulders	119	384	1,000	1,272
Other	162	480	2,792	2,860
Sausage	316	150	1,523	1,765
Total pork	17,787	24,461	200,612	208,035
Mutton and goat	4,984	4,124	46,255	33,330
Lamb	754	520	12,089	6,105
Other sausage	444	535	3,806	4,270
Total red meat	120,288	129,695	818,482	859,930
Variety meats	154	236	2,424	1,914
Wool (clean basis):				
Dutiable	10,288	7,734	123,824	73,424
Duty-free	16,135	7,316	84,721	46,354
Total wool	26,423	15,050	208,545	119,778
	1,000	*1,000*	*1,000*	*1,000*
Hides and skins:	*pieces*	*pieces*	*pieces*	*pieces*
Cattle	10	21	161	105
Calf	13	27	173	324
Kip	28	16	292	265
Buffalo	26	19	296	262
Sheep and lamb	2,706	1,777	21,850	15,468
Goat and kid	1,484	658	7,915	5,241
Horse	14	8	199	126
Pig	211	107	1,515	865
	Number	*Number*	*Number*	*Number*
Live cattle [2]	44,549	30,776	607,153	386,143

[1] Included in other canned beef. [2] Includes cattle for breeding.

Source: U.S. Department of Commerce, Bureau of the Census.

Small Yugoslav Dried Prune Pack

The 1967 Yugoslavian dried prune pack is estimated at 13,000 short tons, 35 percent below last season and 53 percent below the 1961-65 average.

Crop prospects were sharply reduced during bloom by rains and cold weather. June and July weather proved favorable, but a long dry spell followed that caused fruit droppage and reduced sizing.

Preliminary data indicates that 1966-67 season exports will total 8,300 tons. The Soviet Bloc continues to be the main export market for Yugoslav prunes. During the first 6 months of the 1966-67 season, the USSR, Czechoslovakia East Germany, and Poland took 62 percent of the export market; Austria and Italy accounted for 10 percent and 14 percent of the market, respectively. Exports during the 1967-68 season are expected to approximate those of 1966-67.

YUGOSLAVIA'S SUPPLY AND DISTRIBUTION OF DRIED PRUNES

Item	Average 1961-65	1965-66	Preliminary 1966-67	Forecast 1967-68
	1,000 short	*1,000 short*	*1,000 short*	*1,000 short*
Beginning stocks (Oct. 1)	*tons* 8.1	*tons* 9.3	*tons* 2.3	*tons* 5.0
Production	27.7	6.4	20.1	13.0
Imports	—	—	—	—
Total supply	35.8	15.7	22.4	18.0
Exports	19.2	6.9	8.3	8.3
Domestic disappearance	8.6	6.5	9.1	7.7
Ending stocks (Sept. 30)	8.0	2.3	5.0	2.0
Total distribution	35.8	15.7	22.4	18.0

Honey Production Down in Yugoslavia

Yugoslavia's honey crop is expected to be 18 percent lower in 1967 than last year. The latest forecast for 1967 places the crop at about 7.1 million pounds, the smallest harvest for several years in Yugoslavia. Stocks are likely to be reduced by about 1.2 million pounds during 1967. They had been built up during 1966 to 5.3 million pounds because of the good crop in 1966 when weather conditions were favorable.

The total number of hives in January 1967 was an estimated 770,000—some 7 percent above a year previously. However, yields per colony during 1967 are expected to average only 9.2 pounds per hive, compared with 12.0 pounds in 1966. The primary reason for the curtailed yield in 1967 was the cold, wet spring followed by an extremely dry summer.

Morocco To Construct New Sugar Refinery

An agreement has reportedly been signed between the Moroccan Government and a representative of the Center for Study, Research, and Information on Sugar (CERIS), for the construction of a new sugar refinery at Sidi Bennour, in the Casablanca region. The plant, the fifth in Morocco, is scheduled to begin production in April 1969 and is intended to produce 30,000 metric tons of sugar from 200,000 tons of sugarbeets annually. This would bring total Moroccan sugar production to 200,000 tons a year or about 50 percent of the national consumption. The country's new refinery is being financed 50 percent by the Moroccan Government and 50 percent by capital from private sources.

The construction materials will be ordered wherever quality and price are most favorable. The machinery for processing the sugarbeets will reportedly be furnished by a company in France.

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Brazilian Agriculture Redirected by Government's New Charter

The Government of Brazil's basic document for the formulation of agricultural policy, presented to the First National Agricultural Congress in Brasilia this summer, covers every important area of agriculture in its nine chapters.

Following are some of the provisions of this directive, which is known as "The Charter of Brasilia."

Chapter 1 establishes such agricultural policy goals as an increasing standard of living for farmers, an adequate food supply at prices that will stimulate producers without being onerous to consumers, provision of incentives to agricultural processing industries, and expansion of foreign trade.

Chapter 2 states that technical and financial assistance will be provided to producers, including assistance in the purchase and legalization of property.

Chapter 3 states that the government will assist in the creation and development of agricultural colonies, will stimulate producer cooperatives, and will encourage producers to take part in administrative decisions of the community.

Chapter 4 provides for modification of laws and regulations that might interfere with agricultural production, in order to meet needs for speed, flexibility, and simplicity of operation; emphasizes the importance of research, experimentation, and training; and recommends that pilot farms be established to induce farmers to adopt rational agricultural techniques.

Chapter 5 provides for food stocks and warehouses, minimum prices, and agricultural credit and financing.

Chapter 6 calls for rural industrialization.

Chapter 7 suggests that exports be stimulated as an incentive to production.

Chapter 8 provides for reforms in the Ministry of Agriculture to increase effectiveness of programs.

Chapter 9 states that incentives will be provided to private initiative.

Most of the provisions in the charter are incorporated in the "Directives of Government, Strategic Program of Development" of Brazil's Ministry of Planning and General Coordination.

The charter does not mention the shifting of resources from the production of crops that are in excess supply to those in short supply. And, although considerable attention is given to rural industrialization, the emphasis seems to be on food processing and storage and the provision of jobs for rural workers rather than on mechanization of farms.

The administrative reform provisions in the charter are broad enough to bring the coffee and sugar and alcohol institutes under the Ministry of Agriculture.

—Based on dispatch from JEROME M. KUHL
U.S. Agricultural Attaché, Rio de Janeiro

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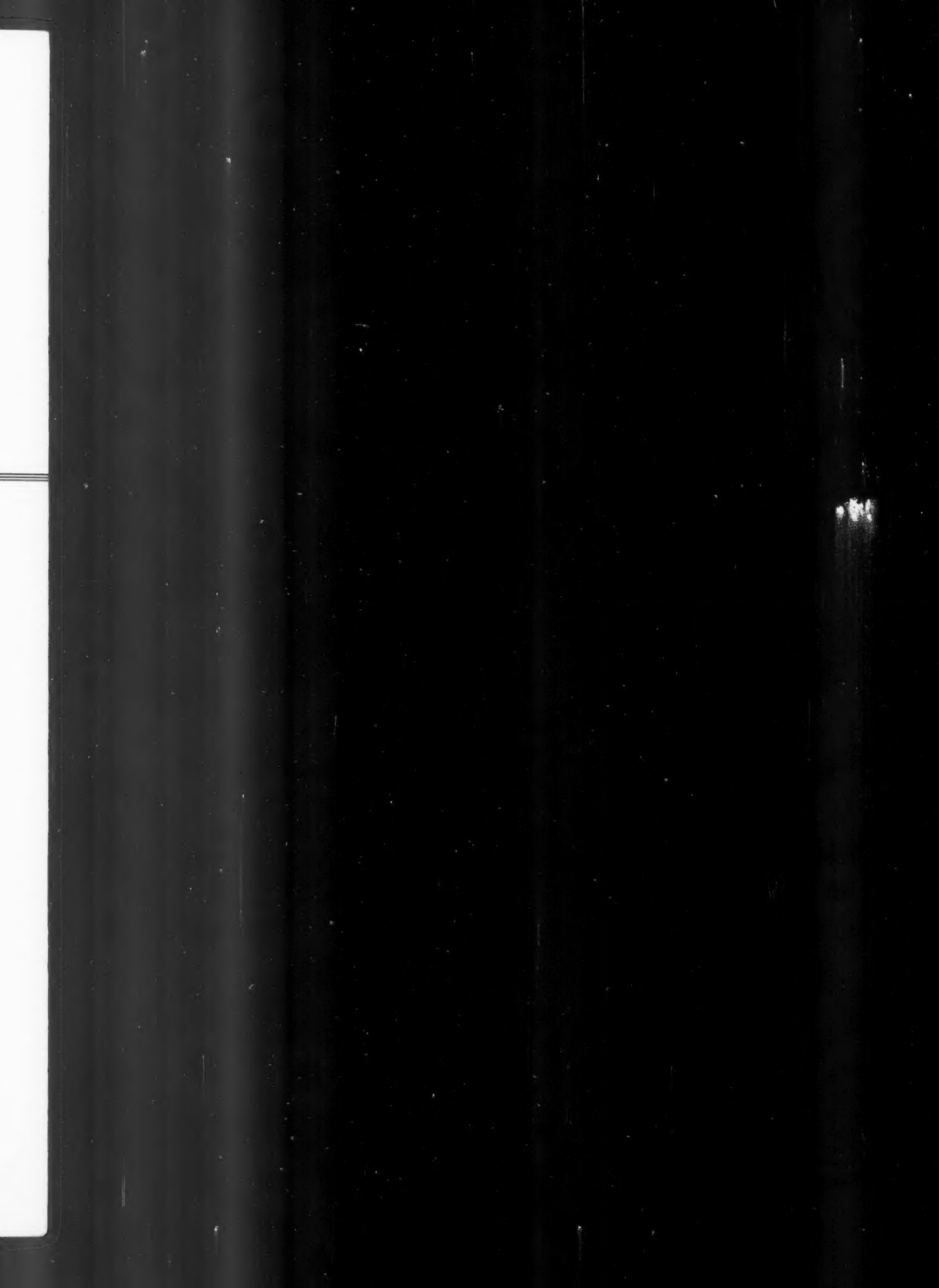
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